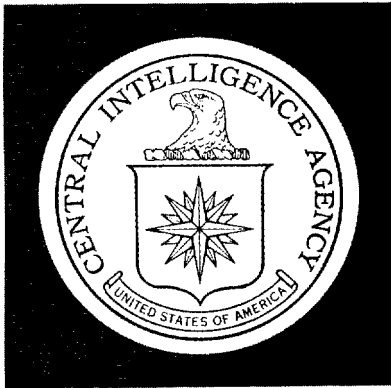


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review
completed.

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6 June 1969
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C O N T E N T S

(Information as of noon EDT, 5 June 1969)

Far East

	<u>Page</u>
THE WEEK IN PERSPECTIVE	1
VIETNAM	3
Military action has tapered off, but abundant evidence still points to a new round of offensive action sometime in June and July. Politically, Liberation Front officials have been seeking additional support for their ten points from foreign countries, while President Thieu has been publicly given South Korean and Chinese Nationalist backing in his stand against any unilateral withdrawal of allied forces and a coalition government.	
SINGAPORE ATTEMPTING TO CONTROL TRADE WITH CHINA	5
Singapore has severely limited the activities of the local branch of Peking's Bank of China. In addition, Singapore has approved licensing controls aimed at overseeing the large volume of imports from Communist China.	

Europe

THE WEEK IN PERSPECTIVE	7
FRENCH VOTERS DEAL BLOW TO POHER AND THE POLLSTERS	8
French voters upset most forecasts on the first ballot and gave Gaullist standard bearer Pompidou the best chance to be the second president of the Fifth Republic.	
GENERAL LIMITS OF REDUCTIONS IN FRENCH NUCLEAR FORCE	9
The French presidential campaign has produced promises of deep cuts in France's nuclear force, but the program is committed to such an extent that savings would be far less than the speeches imply.	

SECRET

SECRET

POLES GO THROUGH EXERCISE OF NATIONAL ELECTIONS

10

The smooth progress of Poland's predetermined national elections on 1 June indicates that party boss Gomulka succeeded in suppressing last year's intraparty factionalism and in smashing open dissension among the youth.

25X6

RESURGENCE OF CZECHOSLOVAK CONSERVATIVES CONTINUES

12

Party leader Husak's campaign against prominent liberals, and his acceptance of a tenuous coalition with the pro-Soviet conservatives, suggest that it's a brand new ball game in Czechoslovakia.

WORLD COMMUNIST CONFERENCE OPENS

13

Some portions of the main conference document still have to be worked out, but even if all parties agree on the wording, speeches by delegates may detract from the facade of unity that Moscow seeks.

25X1

25X6

SECRET

SECRET

Middle East - Africa

THE WEEK IN PERSPECTIVE 15

ARAB-ISRAELI CONFRONTATION STIFFENS 16

Israel continues its tough stance, both militarily and politically. Tel Aviv has particularly warned Jordan about the increased border incidents. Arab saboteurs on 30 May blew up the American-owned pipeline in Israeli-occupied Syria, thereby adding to the tensions.

ISRAEL'S RESPONSE TO THE ARAB MISSILE BOATS ABOUT READY 17
Israel's Gabriel surface-to-surface antiship missile has entered its final testing stage

25X1

25X1

BIAFRAN AIR ATTACKS UNNERVE FEDERAL LEADERS 20

Recent Biafran air raids have shaken federal leaders. They were already edgy because of their inability to score any recent military successes.

Western Hemisphere

THE WEEK IN PERSPECTIVE 21

PERUVIAN GOVERNMENT FACES GROWING CRITICISM 22

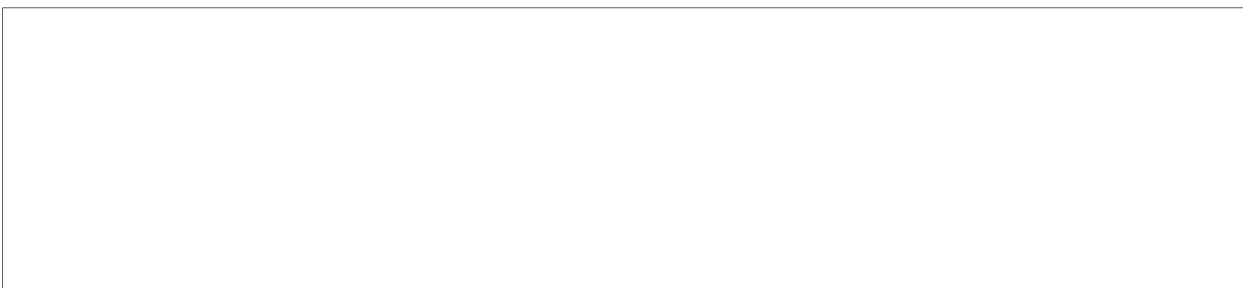
Arrests and deportations of columnists and politicians have stirred a growing outcry against the government's tactics and its failure to respect the constitutional guarantees of civil liberties.

SECRET

SECRET

STUDENTS AND LABOR POSE PROBLEMS FOR ARGENTINA 23
Student unrest and labor dissatisfaction have combined to pose a serious problem for the Ongania government.

CURACAO RECOVERING FROM RIOTS 24
The Curacao government's decision to call new elections in response to labor's demands should ease tensions on the riot-torn island but is not a capitulation to the union demand for Premier Kroon's immediate resignation.



25X1

BOLIVIAN POLITICAL SITUATION WORSENS 25
President Siles' chances of serving until his term expires next year are decreasing.

VIOLENCE MARKS GUATEMALAN ELECTION CAMPAIGN 26
A prominent opposition leader has been assassinated and the possibility of violence is strong if the anti-Communist National Liberation Movement interprets the action as an opener in a series of terrorist attacks.

VENEZUELAN PRESIDENT FACES GROWING PROBLEMS 27
Leftist extremists may be emboldened by their success in forcing the cancellation of Governor Rockefeller's visit to attempt further confrontations with the Caldera government.

CUBA'S 1969 SUGAR HARVEST AN ILL OMEN FOR 1970 28
Fidel Castro's admission that this year's sugar harvest is faring badly is a further sign that Cuba will be hard pressed to meet the highly publicized production schedule for 1970.

POLITICAL CRISIS DEEPENS IN URUGUAY 29
President Pacheco is continuing to press his fight with Congress.

SECRET

SECRET

FAR EAST

[redacted] the Vietnamese Communists intend to begin a new offensive during June and July. The new phase may be launched to coincide with President Nixon's meeting with President Thieu on 8 June. The current disposition of enemy main force units does not point to impending attacks against the major cities, but widespread shellings and limited ground probes could come at any time.

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The Vietnamese Communists' propaganda apparatus has gone all out to promote support for the Liberation Front's ten-point peace proposal. Front representatives have been calling on leaders in Communist capitals to solicit statements of support, and Hanoi is also pressuring its non-Communist friends.

President Thieu has completed state visits to South Korea and Nationalist China, where he received official support for South Vietnam's opposition to unilateral allied troop withdrawals and a coalition government. Apparently with an eye to the Midway meeting, Thieu and President Park of South Korea gave only lukewarm endorsement to President Nixon's eight points and reaffirmed that the 1966 Manila Conference statement contains the basic allied position on a settlement.

In Communist China, political disunity and sporadic factional violence continue to beset the provincial governments. Recurring disorders in both east and west China suggest that factional conflicts are preventing some provincial governments from consolidating their authority and dealing with basic law-and-order problems. Armed clashes were reported last month from at least half a dozen provinces. Limited factional fighting is also reported to have broken out in Canton and authorities there are increasingly concerned over the problem of maintaining order.

Malaysia continues to be quiet under its emergency government, and authorities in neighboring Singapore quickly put down some minor racial disturbances early this week. [redacted]

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VIETNAM

Heavy fighting resumed last weekend after the military stand-downs in honor of Buddha's birthday, but the level of military action has since tapered off sharply. Most fighting during the week was generally light, with only occasional harassing shellings and sporadic ground clashes in widespread sectors of South Vietnam.

[redacted] many Communist main force units preparing for action in key sections of the country. [redacted]

[redacted] another round of fighting is likely to begin soon. Furthermore, certain first-line combat units are in a high state of readiness in several parts of the country.

The current disposition of main force enemy units does not point to impending attacks against the major cities, but widespread shellings and limited ground probes similar to those on 12-13 May could come with little additional warning. The areas where enemy battle preparations appear to be most advanced include the region south of the Demilitarized Zone, Quang Ngai Province, and in northwestern III Corps.

[redacted] new enemy offensive phases to take place during June and July as part of the Communist's "sum-

mer" campaign. [redacted]

[redacted] COSVN--the over-all Communist command authority for South Vietnam--has called for a new phase of attacks during June which will be country-wide and "stronger" than the May attacks. [redacted] the new phase may be launched during the period 5-10 June. [redacted] refer to "highpoints" in mid-June and during July.

Communists Promoting Ten Points

The Communist propaganda apparatus has gone into high gear to promote support for the Liberation Front's ten-point peace proposal. The number one Front delegate to the Paris talks was sent on a brief but well publicized visit to Cuba last week for a heavy round of speech making. In one of the main ceremonies on 3 June, Fidel Castro made a speech which included the complete text of the ten points so "the people of other Latin American countries" could hear it.

In other Communist capitals, Front representatives are personally calling on foreign leaders to solicit statements of support. Although the tone of the speeches and surrounding publicity varies widely in the East European capitals, the Liberation Front representatives are getting all the mileage they can out of each gesture. On 31 May, Hanoi's main party daily carried a long list

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of Communist allies which had publicly endorsed the Front's new program; the most significant omission was, of course, Peking.

Thieu and President Pak of South Korea issued a joint communique which gave only lukewarm endorsement of President Nixon's eight points and reaffirmed that the 1966 Manila Conference statement contains the basic allied position on troop withdrawal, a subject about which the Vietnamese have recently shown a great concern. Despite Saigon's earlier public statements that some US troops could be replaced by South Vietnamese forces by the end of 1969, the two presidents declared that, in the absence of corresponding action by the Communists, unilateral withdrawal "of even a part of the allied troops" would prejudice the security of the remaining allied forces.

Thieu's Asian Tour

President Thieu has completed state visits to South Korea and Nationalist China where he received official support for South Vietnam's opposition to unilateral allied troop withdrawals and a coalition government. The visits and the ensuing joint communiques were intended both to warn Washington and to reassure Vietnam's nervous hawks.

Apparently with an eye to the forthcoming Midway meeting,

In Taipei, Thieu and President Chiang Kai-shek issued a statement at the end of Thieu's four-day visit denigrating the notion of a coalition government. The communique extolled the present "popularly elected and legitimate government" of South Vietnam and branded the Communists' call for a coalition government as an "absurd demand."

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SINGAPORE ATTEMPTING TO CONTROL TRADE WITH CHINA

Singapore has severely limited the activities of the local branch of Peking's Bank of China in an attempt to control China's growing trade with the city state. In addition, Singapore now requires that all goods imported from Communist countries with which Singapore does not have trade agreements must be subject to licensing controls issued by a new state trading company. This action is related to the government's dispute with the Bank of China and is aimed primarily at overseeing the large volume of imports from Communist China.

Singapore recently suspended the bank's use of government clearing house facilities after the bank failed to heed government charges of noncompliance with Singapore's liquidity laws and refused to pay a small fine. A serious run on the bank's reserves developed, but transfers from branches in London and Hong Kong plus new deposits by leftists in Singapore have enabled the local bank to meet the government's liquidity requirements. The government also recovered the fine from Bank of China funds in government clearing house facilities.

Singapore now appears willing to allow the bank to operate without clearing house facilities as long as it does not provoke public disorders. In response to recent warnings by Singapore, the bank has reduced its anti-government propaganda campaign.

If Peking, moreover, were to acknowledge the fine, the local bank could regain its clearing facilities by depositing the amount of the fine into its clearing house deposits, thus bringing this deposit back to the required minimum. Rather than pay the fine, however, Peking probably will choose to use its branch in Hong Kong to finance its trade with Singapore until the present dispute is resolved. Meanwhile, the Singapore branch will concentrate on financing local Chinese businessmen.

Chinese commercial activities in Singapore have increased significantly since 1967, when Peking transferred a large share of its re-export trade to Singapore following riots in Hong Kong. China also has been increasing its purchases of Malaysian rubber through Singapore and supplying increasing quantities of foodstuffs and other consumer goods to Singapore. These goods are distributed primarily through nine large department stores selling only Chinese products at extremely low prices. Total trade between the two countries amounted to about \$190 million in 1968.

Last year Singapore was China's second largest source of foreign exchange, after Hong Kong, with earnings of about \$145 million. Singapore is also an important channel for Overseas Chinese remittances, an additional source of foreign exchange for Peking.

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EUROPE

Soviet party chief Brezhnev opened the World Communist Conference on 5 June with the representatives of 75 parties attending. He could properly sigh with relief that the conference is finally under way after six years of "preparation," and that the Cubans agreed to send an "observer" delegation. Five ruling parties are absent, however, and about a dozen parties are reluctant and skeptical participants. Even if agreement ultimately is reached on the conference documents, these parties are prepared to find a way in their speeches or other actions to demonstrate the hollowness of Soviet claims to Communist unity.

Rumania made clear in a number of ways it would not change its opposition to the conference documents. As if to underscore their intransigence, Bucharest and Belgrade have demonstratively drawn closer together. The Rumanians also have made friendly gestures toward China, Albania, and West Germany.

In Czechoslovakia, party first secretary Husak may have temporarily bought the support of party conservatives by ousting liberals and replacing them with pro-Soviet hard liners. This will be well received in Moscow. It strengthens the potential, however, for a showdown between Husak and Czech party bureau chief Strougal. The power balance could easily lead to heightened animosities between Slovaks led by Husak and Czechs led by Strougal, making the nationalities problem once again critical.

Poland's rigged elections came off without a hitch on 1 June, despite the threat of a student boycott. The East Germans made only perfunctory protests against the meetings of West German parliamentary committees in West Berlin, and the Soviets virtually avoided the topic completely. The anniversary of last year's student riots in Yugoslavia passed quietly, although the issues raised last year have not been resolved.

Gaullist candidate Pompidou regained his position of frontrunner in the French presidential election campaign by his impressive performance in the first ballot. Runner-up Poher is now in deep trouble, especially in light of the Communist Party's decision to abstain on the second ballot on 15 June.

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FRENCH VOTERS DEAL BLOW TO POHER AND THE POLLSTERS

French voters, in the first ballot of the presidential election last Sunday, upset most forecasts and gave Gaullist standard bearer Pompidou the best chance to be the second president of the Fifth Republic.

Despite heavy pressure from Pompidou, who won an impressive 44.46 percent of the vote, runner-up Poher has reiterated his decision to remain in the run-off second-ballot race. He plans to wage a vigorous campaign--in marked contrast to his performance prior to the first ballot--to give the French a chance to vote for an alternative to both Gaullism and Communism. Poher does not appear confident of winning, but he has indicated that he believes that it is his duty to continue to challenge Pompidou by advocating domestic and foreign policies counter to those of the past decade of Gaullist rule.

Poher's popularity peaked in mid-May when a poll gave him almost 40 percent of the first ballot votes and 56 percent of the second ballot. He progressively lost electoral strength, however, as the campaign progressed and the public became more familiar with his style and program. A week before the vote, his support dropped to 27 and then to 25 percent. Thus, the 23.38 percent that Poher actually received confirmed an already evident downward trend.

Added to the liability of an extremely poor showing in the first round, Poher also received a serious setback when the Communist Party

advised its supporters to abstain on the second round. Although an official Communist endorsement would have been a "kiss of death" for Poher, he undoubtedly hoped that the Party would refuse officially to back either candidate but give him tacit support.

In order to win, Poher must retain his first ballot supporters, pick up all of the Socialist and Communist vote, and receive some far-left votes. Many first ballot Communist voters will ignore the party's recommendations and shift to Poher on the second ballot, but enough will probably stay home to deny Poher the victory the pollsters have been predicting since mid-May.

Another casualty of the first ballot returns is the reputation of France's two most respected polling organizations, IFOP and SOPRES. Both charted the progressive decline in Poher's popularity, but they consistently underestimated Pompidou's strength by showing it remaining almost stable at just over 40 percent throughout the campaign period. In addition, they continued to overestimate Socialist Defferre's strength, and failed to predict the impressive 21.43 percent received by Communist candidate Duclos.

To improve their now tarnished record, the French pollsters will have to devise some method of probing the large political group of uncommitted and uninformed French voters, who, swayed more by emotion than by reasoned political argument, make up their minds very late in the contest.

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GENERAL LIMITS OF REDUCTIONS IN FRENCH NUCLEAR FORCE

The French presidential campaign has generated reports and speeches forecasting deep cuts in France's nuclear Force de Dissuasion. The latitude for such actions, however, is not great, and savings from reduced spending would be far less than these reports imply. The nuclear budget since 1965 has run a little over a billion dollars a year and savings could be on the order of \$100 million annually.

The nuclear-equipped Mirage IV bomber force is complete and has been operational for several years. Modifications to extend the life of the bombers to the mid-1970s were recently finished.

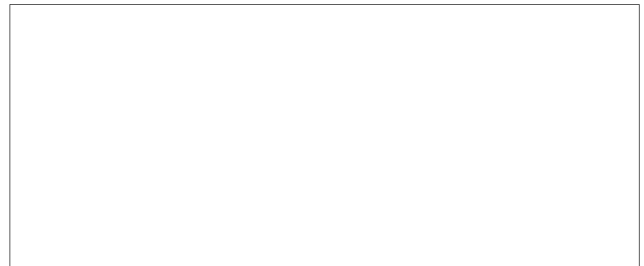
Development of the nuclear force of submarines and land-based missiles has progressed to a point where investments of time, effort, and money have irrevocably committed the French to completing at least the major portion of the Force de Dissuasion. A large part of the investment in research and development, always the major expenditure in new weapons systems, has already been made. There are, however, several areas where reductions could logically be made without seriously degrading the force.

In the nuclear submarine program, three submarines are already committed. The first is undergoing sea trials, the second is to be launched in September,

and work on the third, for which materials have already been purchased, is scheduled to begin immediately thereafter. To abandon the third submarine probably would cost at least as much in lost employment as would be saved. The only reductions in the submarine program, therefore, probably would come from canceling plans for the already budgeted fourth submarine. This would save, over a four- or five-year period, about \$275 million for the submarine, missiles and warheads.

The submarine missile program seems certain to continue at its present pace so missiles will be ready when the submarines become operational.

Cutting the land-based IRBM program would save even smaller amounts of money. Production costs for the planned 51 missiles, without warheads, needed for testing, training, deployment, and spares will be about \$180 million over several years. The French intend to deploy 27 IRBMs; the first nine are scheduled to be operational by the end of next year.



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saving something more than \$50 million over several years.

Political and social pressures to expand nonmilitary programs may be considerable, but there is at least comparable

pressure to continue the nuclear force. Potential savings are not huge and therefore do not add significant force to arguments calling for reductions in the nuclear Force de Dissuasion.

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POLES GO THROUGH EXERCISE OF NATIONAL ELECTIONS

The smooth progress of Poland's predetermined national elections on 1 June indicates that party boss Gomulka succeeded in suppressing last year's intra-party factionalism and in smashing open dissension among the youth. The outcome of the perfunctory voting for the 460-seat Sejm (parliament) and some 170,000 local government posts, held every four years, was virtually a carbon copy of the 1965 elections.

All previous records were broken, however, as 97.6 percent of the country's 21 million eligible voters--all persons over 18--turned out to cast 99.2 percent of the valid vote for the Communist-approved single slate. There were only about 8,000 invalid--in effect opposition--votes, just over half the number cast in 1965.

When all the returns are in, about half the seats in parliament are expected to change hands, but significant shifts in key

personnel are not likely. With only minor variations in overall majorities--ranging from a record 99.8 percent for party boss Gomulka to a "scant" 92.9 percent for politburo member Jaszczuk--all 18 members of the Communist politburo and secretariat were re-elected to the Sejm.

The existing distribution of seats among the Communists, the two puppet parties, and "non-party" slots probably will remain the same in both the national parliament and in the local governments. Traditionally, the Communists have held about 55 percent of the seats in the Sejm, and just under half of the positions on the local levels.

The newly elected Sejm probably will convene in ceremonial session later this month. According to Polish journalists, Premier Cyrankiewicz may use the occasion to announce some shifts in his cabinet. These are unlikely to involve key positions.

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RESURGENCE OF CZECHOSLOVAK CONSERVATIVES CONTINUES

Party first secretary Husak appears to have been pressured into a tenuous alliance with pro-Soviet conservatives. The regime last week returned several conservatives to positions of power, then joined them in ousting a number of outspoken liberals.

Conservative leader Lubomir Strougal won new prominence as Husak's deputy. Party secretary Indra, who was accused of collaborating with the Soviets at the time of the invasion last August, has been given responsibility for state and social organizations. He now is in a position to bring other conservatives into high posts in the government and in such major national organizations as the trade unions. In addition, a Moscow-trained, former Stalinist youth leader has replaced a recalcitrant liberal as head of the key Prague municipal party committee, until then the last remaining bastion of party liberals.

The conservatives also gained a slight majority in the party secretariat when the central committee replaced Josef Spacek--the last member of Dubcek's "inner circle" in the party leadership.

New, moderate policies have also been announced. They are designed to deal with domestic opposition--particularly the unpentant liberals--both in and out of the party, to strengthen Husak's hand within the party, and to convince the Soviets that the Czechoslovaks are speeding the process of "normalization."

At its 29-30 May plenum, the party central committee expelled six prominent progressives including ultraliberal economic reform architect Ota Sik, reprimanded certain unreconstructed reformists, and initiated investigations on others.

In his speech to the plenum, Husak indicated that these measures were just the beginning. He held up the specter of future action against all dissidents, particularly among the trade unions, intellectuals, and students. Husak appears willing, however, to give each dissident the opportunity to fall in line before facing party censure.

Strougal's new pre-eminence in the top leadership, as well as his control of the largest regional party body--the Czech party bureau--suggests that his political powers nearly approximate those of Husak.

A struggle for power between Husak and Strougal is a distinct possibility because of their dissimilar backgrounds, temperaments, and political outlooks. For the present, however, Husak needs the conservatives to reassert the party's authority over society, but his attempts to control them probably will lead to trouble.

Significantly, friction between Husak, a Slovak, and Strougal, a Czech, could intensify animosities between the Czechs and Slovaks. Strougal presumably is not above capitalizing on such a development. Consequently, the nationalities problem could become critical.

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The Russians have withheld public support for Husak, who still has to prove himself to them.

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WORLD COMMUNIST CONFERENCE OPENS

The World Communist Conference opened in Moscow on 5 June with some elements of the main conference document apparently still to be ironed out. A draft of the document, with amendments included, was referred to the plenary session by the preparatory meeting which concluded on 30 May.

Seventy parties, three unnamed for "security" reasons, took part in the preparatory meeting and probably will attend the conference. Cuba will send observers. Three parties which did not attend the final preparatory session, but did attend in March, probably will make it to the summit. The Soviets thus will muster about 75 parties, most of them minuscule, of the more than 90 identifiable parties of the world.

Three ruling parties--China, Albania and Yugoslavia--are boycotting the meeting, and two others, North Korea and North Vietnam, are not likely to attend. Except for Cuba, the participating delegations of the ruling parties will be headed by their first secretaries.

As the conference opened, the principal stumbling block

was disagreement over how to word the main conference document on "anti-imperialism" and "unity of action." This document has been drafted and redrafted to satisfy various objections. Consequently, the original Soviet formulations have been virtually eliminated. Even though the Soviets made concessions to achieve their goal of wide attendance, the Italians and Rumanians and a few smaller parties are likely to press for more changes on the floor of the conference. Bucharest, for instance, staked out its critical position by publicizing the Rumanian party's basic theses last weekend even though the theses ostensibly were drawn up for the party congress in late summer.

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MIDDLE EAST - AFRICA

The Popular Front for the Liberation of Palestine, which was responsible for the sabotage of Tapline last week in Israeli-occupied Syrian territory, has announced that this act was the first step in a campaign to destroy all US "interests" in the Arab world.

A new cabinet was announced in Syria on 29 May, but it does not appear to reflect any great change in Damascus. Defense Minister Hafiz Asad remains as the strong man of Syria. The new cabinet may represent an attempt to broaden the base of the government somewhat by bringing in representatives of political factions outside the ruling Baath Party.

Iran is still pressing for renegotiation of the boundary in the Shatt al-Arab River, which divides Iran and Iraq in the south, and Iraq is attempting to line up Arab support for its position. Relations between the two governments continue to deteriorate, with a virulent press campaign aggravating the situation.

In India, major violence erupted in Andhra Pradesh State's Telengana region, where agitation for a separate state has been festering for five months. New Delhi fears that significant concessions would encourage discontented groups in other states. The agitation shows no sign of slackening and may increase as dissidents focus on their demand that separate statehood be granted by 15 June.

In Pakistan, the government has promised eventual elections to pave the way for a return to democratic rule, but no date has been mentioned.

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Congolese security forces brutally repressed a student demonstration in Kinshasa on 4 June causing the death of eight students. The affair seems to have had little effect on other Kinshasa residents. A thousand students in Lubumbashi are holding a silent and so far peaceful solidarity strike, but outside the academic community there seems to be little sympathy for the students. The Mobutu regime, built on fear, probably has been strengthened by its forceful handling of the situation.

Conservative Ivory Coast President Houphouet-Boigny late last week carried out a long-planned break in diplomatic relations with the USSR, using as a pretext alleged Soviet involvement with striking university students. The strike itself was squelched by the liberal use of military force. In nearby Dahomey, where a similar student strike nearly triggered a general strike, the Zinsou government appears on top of the situation for the moment following use of military power this week.

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ARAB-ISRAELI CONFRONTATION STIFFENS

Israel continues its tough stance, both militarily and politically. Israeli leaders issued [redacted] warnings to Jordan to end what Tel Aviv considers a toughened Jordanian stand on the border, particularly new aggressiveness from the Jordanian Army and from the Iraqi troops stationed in Jordan. Israel, which has already made daily use of aircraft, artillery, and even border-crossing by ground forces, threatened even more dire punishment if the situation did not quiet down on the Jordanian border.

On the diplomatic front, Prime Minister Golda Meir fired more of her salvos against the big powers and their deliberations. She reiterated that Israel would stand firm and reject any recommendations which were unacceptable to Israel. She expressed strong doubts that the US and the USSR could come to an agreement at all, but if they did it could only be an unacceptable compromise. She advised the Israelis to maintain their nerve and be prepared to get ready to say "no" to the big powers. Minister of Defense Dayan also warned the people to get ready for the long pull and talked of the possibility of extending the length of army service.

Arab saboteurs blew up the American-owned pipeline in Israeli-occupied Syria on 30 May. The 30-inch line, which brings oil from Saudi Arabia to the Lebanese port of Sidon, was damaged by members of the Popular

Front for the Liberation of Palestine, the same group which carried out the Zurich and Athens raids against El-Al, Israel's airline.

[redacted] Nasir's al-Ahram has denounced the operation as benefiting only the Israelis and hurting the Arabs.

Lebanon's political crisis is entering its second month as the country remains without a cabinet. In a television address to the nation on 31 May, President Hilu reiterated his strong opposition to any deal with the fedayeen that would allow them freedom of action in Lebanon. His bringing the fedayeen issue to a head is considered to be the cause of sentiment in the country polarizing along religious lines, thereby aggravating the difficulties that have already hampered the formation of a national unity cabinet. Rashid Karami, who has been regarded as the Muslim most likely to form the new cabinet, for example, has publicly disassociated himself from Hilu's remarks. [redacted]

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BIAFRAN AIR ATTACKS UNNERVE FEDERAL LEADERS

Biafra's newly acquired air capability has shaken the federal regime which was already edgy because of its inability to make any military progress recently.

Biafran air raids, which began late last month, have damaged federal aircraft at Port Harcourt, Benin, and Enugu, and the Ughelli electrical power station in the Midwest State.

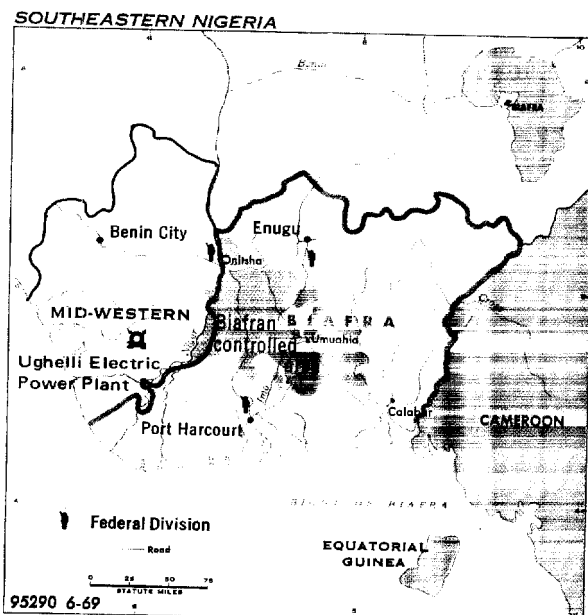
The frustrated federal leaders are also showing signs of increasing xenophobia which

has thus far been directed mainly at foreign relief operations.

There has been no significant change in the military situation on the ground. Despite a slowdown in arms shipments to the secessionists, caused mainly by transportation problems, the Biafrans have retained the initiative on the southern front, while federal forces, which recently underwent a major command reshuffle, are still trying to consolidate their positions in the north.

Meanwhile, General Ojukwu on 4 June agreed to the eventual release of 18 foreign oil technicians, 14 of whom are Italians, who were captured last month in a secessionist raid in the Midwest and condemned to death by a Biafran court. Ojukwu made the release conditional on government-to-government negotiations with the Italians, and will probably extract as much political gain as he can from the issue before actually releasing the technicians. Rome, however, has been warned by the Nigerians that even de facto recognition of Biafra would result in the nationalization of all Italian oil holdings in the federation.

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WESTERN HEMISPHERE

Governor Rockefeller's trips remain the principal topic of interest in Latin America. Both the Venezuelan and Chilean governments felt obliged to ask the Governor not to come, because they feared the resulting demonstrations could be controlled only with bloodshed.

The anti-US demonstrations in some countries during the past ten days received the greatest attention and led some observers to state that the mission had a negative impact on US - Latin American relations. Others, particularly government officials in those countries Rockefeller visited, have described the talks as "very fruitful." They praised the expertise and interest shown by the Governor and his party.

The latest swing of the Rockefeller mission—the second of four scheduled trips—was to take him to Colombia, Ecuador, Bolivia, Venezuela, and Trinidad-Tobago. The visits to Colombia and Ecuador came off as scheduled, despite anti-US demonstrations in Colombia and serious student-police clashes in Ecuador. The Bolivia visit was cut to a three-hour stop at the airport

[redacted] The Venezuelan stop was "deferred" by the government. The Trinidad-Tobago visit was unmarred by disturbances.

The origins of the disturbances vary from country to country, though Communists and other leftist extremists were in each case seeking opportunities to exploit. In Venezuela, antigovernment agitation had been building up among the students since March, and it was only shortly before Rockefeller was to arrive that it began to take on an anti-US tone. In Ecuador, a vacillating regime had been trying in vain since early April to bring an end to an outbreak of student lawlessness. Bolivian President Siles, who assumed office after his predecessor's death in late April, continues to be extremely insecure in his position.

The contagion of anti-US demonstrations has spread to countries Rockefeller is scheduled to visit this month and early next. Demonstrations against Rockefeller are being planned in Brazil and Uruguay, and can be expected in Argentina, the Dominican Republic and Guyana. Serious student unrest in Argentina and a developing political crisis in Uruguay combine further to complicate the scene. [redacted]

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PERUVIAN GOVERNMENT FACES GROWING CRITICISM

The heavy-handed manner in which Peru's military government has attempted to eliminate its severest critics has been counter-productive. Arrests and deportations of columnists and politicians have stirred a growing outcry against the government's tactics and its failure to respect the constitutional guarantees of civil liberties.

The latest incident, and the one that has stirred the most vociferous protest yet, was the deportation on 24 May of the editor of the weekly news magazine Caretas, which has been consistently critical of the military government. Minister of Interior Artola, a frequent target of Caretas, attempted to justify the deportation by charging that the editor was trying to divide the military and the people. To prove his charges Artola made public a letter from the Caretas editor to a former official of the Belaunde government in which he agreed to print an article designed to create frictions in the military.

Instead of accepting this explanation the Lima press used it for further attacks on Artola. One paper stated that the deportation was a clear violation of the constitution and that publication of the letter was a further violation of constitutional guarantees. Another paper said that Artola's statement and publication of the letter were nothing more than a "tardy, infantile and ill-conceived attempt....to justify the unjustifiable." The paper went on to say that it would not be in-

timidated by this or any other attempt to curb freedom of the press. In addition, the Federation of Peruvian Journalists has publicly charged the minister of interior with criminal abuse of his authority and called for his suspension from the government.

The press was not the only source of criticism this week. In a speech before a crowd that included President Velasco, Luis Bedoya Reyes, the mayor of Lima and currently the country's highest elected official, leveled indirect but obvious criticism at the military government for its abuse of the constitution. Bedoya's criticisms received vigorous applause and were given broad coverage in the Lima press.

Serious disagreements appear to have arisen within the government on the proper method of dealing with the growing opposition. This, coupled with frictions caused by the deterioration in relations with the US, is probably responsible for the increasing number of rumors that a major change within the government will take place in the next two to three weeks.

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STUDENTS AND LABOR POSE PROBLEMS FOR ARGENTINA

Student unrest combined with labor dissatisfaction during May to present the Ongania administration with the most serious problem it has faced during nearly three years in power. No real solution is in sight.

Labor leaders say that the brunt of the government's largely successful program to combat inflation has fallen on the workers, resulting in some decline in real wages. They point out that the government's program to increase the efficiency of state enterprises has cost the jobs of some workers, while the working day of others has been increased. The union officials also maintain that workers were hurt by price increases in transportation and basic food commodities in May.

Many students still harbor deep resentment against the Ongania government for its action in mid-1966 when it rescinded the traditional autonomy of the national universities on grounds that they were foci of subversion and were unable to fulfill their educational role. The government appointed new administrators to replace the old system of tripartite government under which the students, faculty, and alumni had joint control over the national universities. At that time the government promised much-needed reforms in higher education. Little has been accomplished toward reforms, however, and the country's

more than 230,000 university students are restive under a system that limits their educational opportunities and career prospects.

The shooting of student demonstrators by police during the last two weeks of May provided the catalyst for unity--perhaps only temporary--between students and labor. On 30 May most of the country's labor unions joined in a general strike, which proved to be the most effective in many years even though the government had declared it illegal and warned that persons involved in endangering public services or in "rebellion, subversion, or plotting" would be tried by military courts.

There were some terrorist incidents during the strike. A show of force by security officials prevented violence in most areas, but clashes between police and workers joined by students did result in approximately 16 deaths and over \$10 million in property damage in the industrial city of Cordoba. Even though military forces took control of the city late on 29 May, sporadic sniping--particularly in the university district--continued for two days. Press reports list 400 persons arrested in Cordoba, among them two priests. Some have already been given long prison terms by military courts. The sentencing of some labor leaders may heighten the tension between labor and the government.

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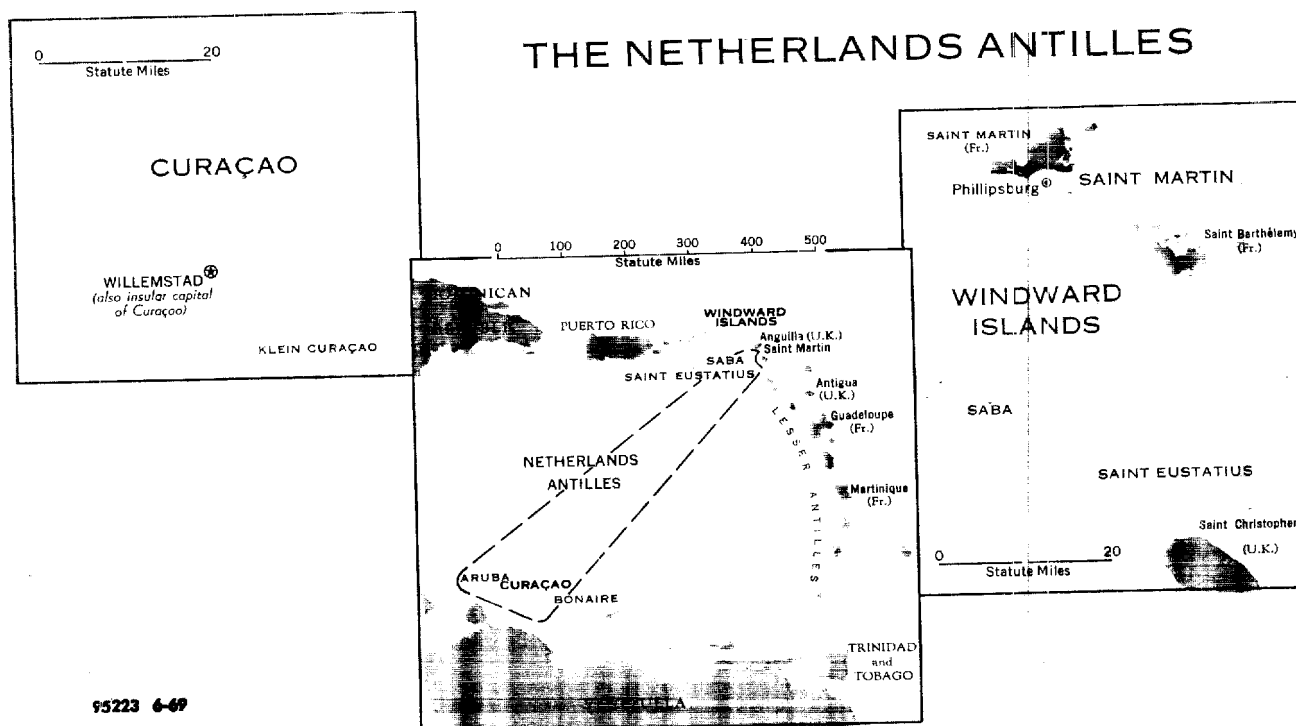
CURACAO RECOVERING FROM RIOTS

The Curacao government's decision to call new elections in response to labor demands should ease tensions on the riot-torn island.

The riots that erupted on 30 May stemmed from a mid-week work stoppage by construction workers which, aided by sympathy walkouts, quickly burgeoned into a general strike. During a march on Willemstad, the capital, disorders broke out and local security forces were unable to contain the rioters. Additional troops were flown in from neighboring islands and a contingent of Dutch marines was airlifted from The Hague.

The decision by Democratic Party leader Premier Ciro Kroon to call elections within three months appears to have mollified union leadership although it does not amount to a capitulation to the union demand for his immediate resignation.

Without the riots, elections would have been held next year for Curacao's 12 seats in the 22-man legislature shared by the other five semiautonomous islands that make up the Netherlands Antilles. The Democratic Party won a convincing victory in the last national elections, in 1966, and followed this with



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a triumph in local elections in 1967.

In the Netherlands, the disorders and the decision to send additional Dutch troops to the island have touched off a major debate over the lack of social justice for the blacks in the former colony and the advisability of revising the Realm Statute in order to avoid giving the Dutch a neo-colonialist image.

Particularly among the parties of the left, as well as among labor groups, criticism has focused on the statute under which The Hague retains responsibility for matters affecting Antillean defense and foreign affairs. Although early revision seems unlikely, the Dutch are expected to increase development aid to the islands as one means of ameliorating the social conditions that contributed to the disorders.

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BOLIVIAN POLITICAL SITUATION WORSENS

President Siles' chances of serving until his term expires next year are decreasing. He was forced to shorten the visit of Governor Rockefeller to a three-hour airport stop

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Military acceptance of his government has always been contingent on a number of factors, including his ability to maintain public order. Although the disturbances themselves were relatively minor, the fact that Rockefeller was unable to visit La Paz was a blow to Siles and will weaken his hand in dealing with the military.

The military leaders apparently are becoming increasingly dissatisfied with the Siles government. They believe that his

efforts to ingratiate himself with students and workers are undermining the prestige of the military. Although armed forces Commander in Chief Alfredo Ovando probably would like to be elected president next May, considerations of democratic legitimacy are unlikely to restrain him should he decide to move against Siles before then.

Two military members of the cabinet recently approached US officials to ascertain their attitude toward a coup. The minister of government told the US ambassador that the opposition of the US Embassy was the only reason a coup had not already taken place. The minister of defense indicated that the military feared Siles' actions were unwittingly unleashing Communist forces and that the military, reluctantly, would have to take power within the next five or six months.

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VIOLENCE MARKS GUATEMALAN ELECTION CAMPAIGN

The prospects for a tranquil election campaign, never bright in Guatemala, are growing dimmer. Already, a prominent opposition leader has been assassinated, and the possibility of further violence is strong.

Communist terrorists, acting at mid-day on 1 June, killed Mario Lopez Villatoro, a founder and officer of the virulently anti-Communist National Liberation Movement (MLN), and his bodyguard. The MLN presidential candidate, Col. Carlos Arana, is known to be a prime target of the Communists, and the party may interpret the Lopez murder as the opener in a planned series of terrorist attacks against its leadership. The MLN constituency includes an extremist element of its own that can be expected to attempt retaliation against the left. The generally unsettled atmosphere of electioneering is conducive to a revival of the political violence between the left and the right which was brought in check just over a year ago.

None of the parties or candidates has inspired much interest among the electorate. The government's standard bearer, Mario Fuentes Pieruccini, opened his

campaign last week with a speech that fell short of the "sensational political event" advertised by the ruling Revolutionary Party and probably further disillusioned the apathetic public with campaign promises. The public's concern is focused on the criminal and political violence that has risen steadily over the past several weeks. The discovery of mutilated cadavers, repeated cases of kidnappings and extortion, and other crimes have caused the business community to feel nervous and insecure.

The government, in an effort to mollify the right, will probably show it is willing to confront the problem of Communist terrorism. Possibly in an attempt to balance recent shifts which have elevated military officers identified with the leftist revolutionary politics of the 1950s, President Mendez has offered the Ministry of Government post to Col. Manuel Sosa Avila. Sosa, the Guatemalan military attaché to Madrid, was one of three top security men "exiled" to diplomatic posts in March 1968.

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VENEZUELAN PRESIDENT FACES GROWING PROBLEMS

Leftist extremists in Venezuela may be emboldened by their success in forcing the cancellation of Governor Rockefeller's visit to Caracas to attempt further confrontations with the Caldera government.

The decision to postpone the Governor's visit was apparently prompted by fears that student-extremist demonstrations would get out of hand and that labor violence in Curacao would spread to the mainland, siphoning off security forces needed to protect the Governor's party.

The postponement was greeted with relief by most political leaders. Nevertheless, the government has been criticized by some for backing down in the face of student threats and showing timidity and irresolution in dealing with extremists. Criticism of the government has grown within the last few months, and apparently extends not only to the government's pacification program designed to end insurgency, which some political and military leaders consider misguided and a failure, but also to the handling of economic problems.

While these economic problems--a large budget deficit and

a sluggish growth of oil revenues--are not of its own making, the Caldera administration has been unable to come up with solutions that satisfy either its own supporters or the opposition parties that presently control congress.

The opposition Democratic Action party is seeking to arouse latent nationalism with charges that the government is not aggressive enough in protecting Venezuela's share of the US oil import market. Continuing US oil import restrictions and prospective competition from recently discovered oil fields in Alaska pose a threat to the maintenance of Venezuela's oil revenues--the principal source of government financing for social and economic programs.

President Caldera's reluctance to adopt any policy that might be controversial has generated questions on whether his administration can govern effectively.

[redacted] a prolongation of this present atmosphere is likely to erode the confidence of those elements upon which the future of Caldera's Christian Democratic government depends. [redacted]

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CUBA'S 1969 SUGAR HARVEST AN ILL OMEN FOR 1970

Fidel Castro's admission that this year's sugar harvest is faring badly is a further sign that Cuba will be hard pressed to meet the highly publicized production schedule for 1970.

In a speech in Havana on 26 May, Castro described the 1969 harvest as "the agony of this country" and said that, with the harvest 85 percent complete, production amounted to only 4.28 million tons. Final totals probably will not exceed 4.7 million tons, less than last year's poor harvest.

The poor showing was attributed to organizational problems,

technical difficulties, and conflicts caused by preparations for next year's harvest. Despite this year's disappointment, Castro re-emphasized his determination to achieve the production goal of 10 million tons in 1970.

In view of the sugar industry's unimpressive performance over the past several years, Castro's continued confidence in achieving the 1970 target is perplexing. Although milling capacity and supplies of cane may be adequate to reach the goal, the supply of labor and machinery for harvesting the cane apparently is not much higher than it was in 1967, when 6.1 million tons of sugar were produced.

Unless Castro can find a convincing scapegoat such as a severe drought or disastrous hurricane, he will be hard put to explain away a failure to achieve, or at least approach, next year's target. He cannot help but suffer a significant drop in prestige, particularly if production does not exceed the record 7.2 million tons achieved in 1952.

ANNUAL CUBAN SUGAR PRODUCTION UNDER CASTRO

(in millions of metric tons)

1959	5.96	1964	4.40
1960	5.86	1965	6.05
1961	6.76	1966	4.45
1962	4.81	1967	6.13
1963	3.82	1968	5.20

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POLITICAL CRISIS DEEPENS IN URUGUAY

President Pacheco is continuing to press his uphill battle with Congress over his program of economic austerity.

The current dispute is over a key aspect of Pacheco's program--new government regulations that would eliminate both the privileged position of the notoriously inefficient state-owned slaughterhouse and certain fringe benefits traditionally enjoyed by workers at the larger meatpacking plants.

The Senate began censure action on 27 May against the cabinet minister responsible for implementing the new regulations, and on 29 May the General Assembly (the combined House and Senate) voted the censure. Pacheco, who had warned that he would not tolerate the censure of a minister on a question of policy, has refused to accept the minister's resignation.

As a result, the issue must now, according to the constitution, be raised again in the General Assembly. If the Assembly fails to reaffirm its vote of censure by a three-fifths majority, President Pacheco may retain the minister, dissolve Congress, and call

for new parliamentary elections. Opposition politicians, in turn, have indicated that if new congressional elections are held and the new General Assembly votes to uphold the censure action of the present Congress, they will introduce a motion to amend the constitution so that the President and Vice President will have to resign.

The battle lines are thus clearly drawn. Public opinion against the new slaughterhouse regulations is running high and striking workers have clashed several times with police during the past weeks. Popular support aside, it is doubtful that Congress will be able to override the presidential veto by the necessary three-fifths vote. Given the reluctance of many Congressmen to risk new elections, speculation is increasing that the General Assembly will somehow manage to sidestep a vote. Any such maneuver would be of dubious constitutional legality, however.

President Pacheco is determined to continue his economic program and if the General Assembly is unable to avoid a showdown, the possibilities for new congressional elections are good.

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